

Enterprise Zone Annual Report State Fiscal Year 2020

Enterprise Zone Reporting

The Enterprise Zone statute requires the Colorado Office of Economic Development and International Trade (OEDIT) to report data on Enterprise Zone tax credits in its annual report. Many program resources are available on OEDIT's Enterprise Zone website, www.choosecolorado.com/ez. Local Enterprise Zone Reports, including local zone objectives and statistics are completed on a calendar year basis and are also posted on OEDIT's Enterprise Zone web-pages.

Summary

The Enterprise Zone (EZ) program is one of the State's most substantial economic development programs. It was created by the General Assembly to provide economic incentives, access to capital, and a positive business climate focused on areas of high unemployment, low per capita income, or slow population growth.

Enterprise Zones are a tool to support local economic development efforts. Enterprise Zone designation is initiated by communities; local administrators work with businesses to promote development within the zones. Zone administrators may also establish EZ Contribution Projects with non-profit organizations or local governments to support economic revitalization in the Enterprise Zones.

In the state's fiscal year 2020, 5,408 businesses certified for EZ tax credits. There were 4,931 businesses reporting \$2.46 billion invested in qualified business personal property, making them eligible for \$73.9 million in EZ investment tax credits. Investments in qualified renewable energy projects account for \$919 million of the \$2.46 billion invested in qualified business personal property. Businesses invested \$43.4 million to train 37,273 employees that work in the Enterprise Zones, earning them \$5.2 million in EZ job training tax credits. To incentivize investment and registration of commercial vehicles in Colorado EZs, \$95,568 in income tax credits were recognized on investments totaling almost \$6.3 million.

Business facilities in an Enterprise Zone may earn income tax credits for new jobs created (with additional credits for agricultural processing businesses and businesses located in Enhanced Rural Enterprise Zones). In Fiscal Year 2020, certifying businesses reported 6,313 net new jobs incentivized by \$7.8 million in New Employee Credits. During the first 2 years that a business is in an Enterprise Zone, it may earn credits for providing qualified health insurance coverage for the net new employees each year. In Fiscal Year 2020, businesses reported that they covered 1534 net new employees with a qualified health plan, entitling them to \$1.5 million in state income tax credits.

In addition to the Enterprise Zone business tax credits, non-profit and local government projects leverage the Enterprise Zone Contribution Tax Credit to form public/private investment initiatives to improve economic conditions in distressed areas. In Fiscal Year 2020, 411 projects received \$70.4 million in private contributions. The fiscal year 28,059 donations were recorded, earning contributors credits worth approximately \$15.5 million. There were 406 active Contribution Projects at the close of the fiscal year.

Enterprise Zone Designation

There are 16 statutory Enterprise Zones with 19 zone administrators to support economic revitalization within the EZs.

The Colorado Urban and Rural Enterprise Zone statutes, C.R.S 39-30-101 to 112, provide that local governments may propose areas for designation as Enterprise Zones. The statutes set forth three criteria to define economic distress, an area meeting at least one of these may qualify for Enterprise Zone status:

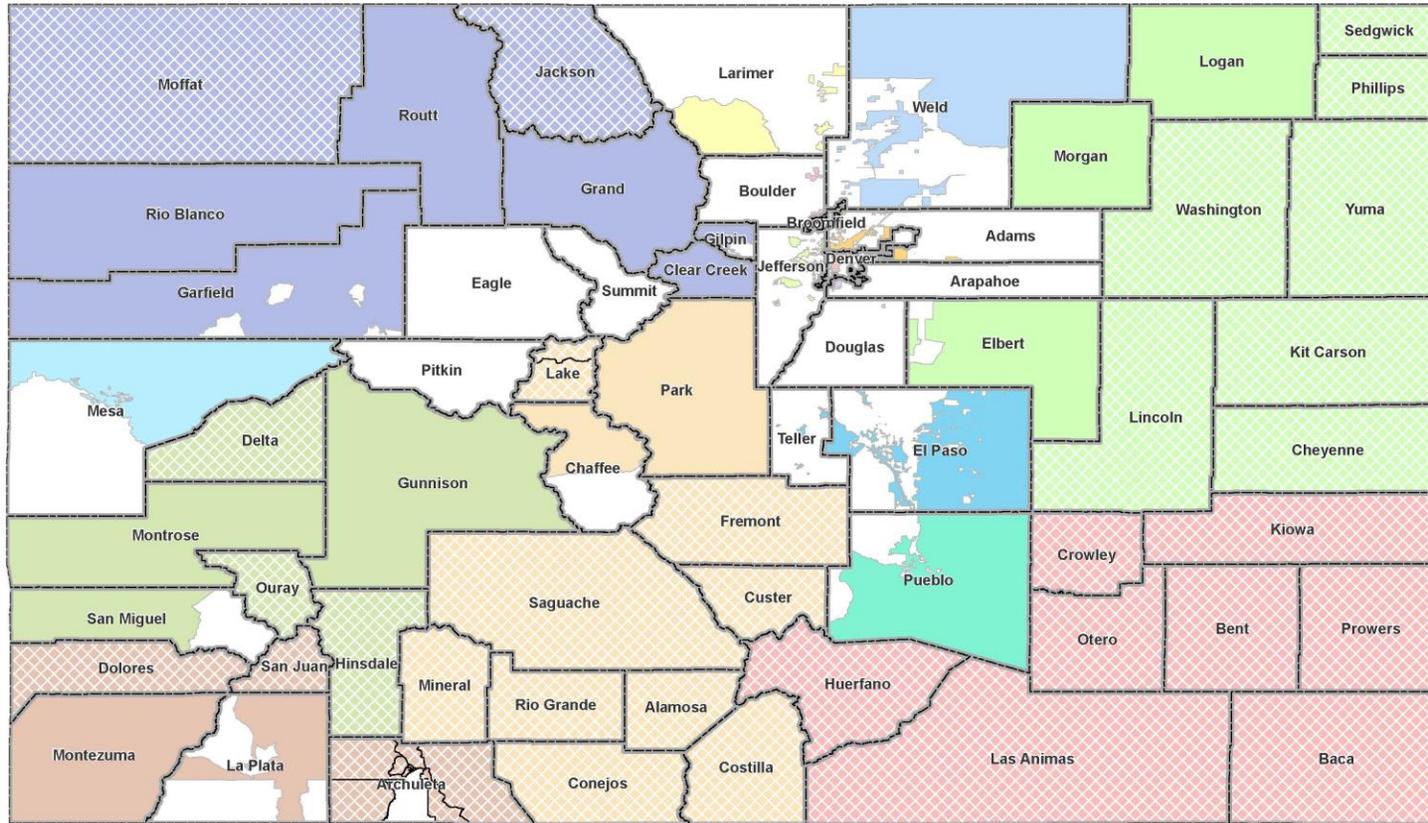
- Unemployment rate greater than 25 percent above the state average;
- Per capita income less than 75 percent of the state average;
- Population growth less than 25 percent of the state average.

Additional criteria limit the total population residing within an Enterprise Zone boundary to 115,000 people in urban areas and 150,000 in rural.

The Colorado Economic Development Commission (EDC) has the authority to designate and terminate areas as Enterprise Zones.

Zones were re-set in January 2016. The Enterprise Zones align with U.S. Census defined areas including census blocks, block groups, tracts, places, county sub-divisions, and counties.

Colorado Enterprise Zones



Legend

- | | | | | |
|--------------------|-------------------|------------------|--------------------|-----------|
| Enhanced Zones | County Boundaries | Jefferson County | North-East-Central | Region 10 |
| Adams County | Larimer County | Northwest | South Metro | |
| Central & Southern | Mesa County | Pikes Peak | Southeast Central | |
| Denver County | North Metro | Pueblo County | Southwest | |
| Weld County | | | | |



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Fiscal Year Credits Certified

This fiscal year report includes certifications approved by local Zone administrators from July 1, 2019 through June 30, 2020. Business certifications are most often submitted and approved following the business' fiscal year-end; therefore information in this report mostly represents business activity during calendar year 2019 claimed on 2019 tax returns that are filed in 2020 and impact state revenue collected in the state's Fiscal Year 2020. Applications approved in Fiscal Year 2020 may also cover business activity prior to 2019 for late or amended applications.

This table identifies tax credits certified by Enterprise Zone.

Rural_ Urban	Enterprise Zone	# of Certifications	\$ Investment Tax Credit	\$ Job Training Credit	\$ Employer Sponsored Health Insurance Credit	\$ All New Employee Tax Credits	\$ Vacant Commercial Bldg Rehab Credit	\$ R&D Credit	\$ Commercial Vehicle ITC	Total Business Credits	# of Certifications	\$ Estimated Credits
R	Central & Southern EZ	620	\$ 2,521,731	\$ 70,269	\$ 28,200	\$ 461,785	\$ 54,414	\$ -	\$ -	\$ 3,136,399	1,701	\$ 700,454
R	North-East-Central EZ	1,580	\$ 31,585,236	\$ 57,783	\$ 15,667	\$ 237,853		\$ 3,939	\$ 1,216	\$ 31,901,694	231	\$ 69,030
R	Northwest EZ	241	\$ 2,705,591	\$ 23,748	\$ 14,000	\$ 72,216	\$ -	\$ 507	\$ -	\$ 2,816,062	839	\$ 689,462
R	Region 10 EZ	299	\$ 657,910	\$ 12,112	\$ 9,000	\$ 350,798	\$ 52,389	\$ -	\$ 7,946	\$ 1,090,155	1,759	\$ 558,374
R	Southeast Central EZ	489	\$ 1,573,393	\$ 29,349	\$ -	\$ 510,063	\$ -	\$ -	\$ -	\$ 2,112,805	236	\$ 160,293
R	Southwest EZ	233	\$ 1,059,724	\$ 54,784	\$ 4,920	\$ 135,657	\$ 150,000	\$ 635	\$ -	\$ 1,405,720	890	\$ 484,579
	Sub-Total Rural	3,462	\$ 40,103,585	\$ 248,045	\$ 71,787	\$ 1,768,372	\$ 256,803	\$ 5,081	\$ 9,162	\$ 42,462,835	5,656	\$ 2,662,192
U	Adams County EZ	314	\$ 11,120,156	\$ 545,229	\$ 877,990	\$ 2,830,396	\$ -	\$ 4,005	\$ 31,562	\$ 15,409,338	444	\$ 413,070
U	Denver EZ	292	\$ 2,386,882	\$ 3,014,594	\$ 138,087	\$ 616,340	\$ 59,158	\$ 182,262	\$ -	\$ 6,397,323	7,163	\$ 4,190,832
U	Jefferson County EZ	196	\$ 1,339,181	\$ 283,212	\$ 37,580	\$ 404,831	\$ 5,574	\$ 964,702	\$ 6,272	\$ 3,041,352	1,718	\$ 1,108,943
U	Larimer County EZ	144	\$ 985,050	\$ 148,545	\$ 12,900	\$ 202,144	\$ -	\$ 409,384	\$ 36,061	\$ 1,794,084	2,253	\$ 997,197
U	Mesa County EZ	200	\$ 772,953	\$ 79,482	\$ 30,166	\$ 305,991	\$ -	\$ 330,221	\$ -	\$ 1,518,813	3,455	\$ 1,354,540
U	North Metro EZ	71	\$ 162,031	\$ 13,413	\$ 46,000	\$ 280,370	\$ 6,250	\$ 103,301	\$ -	\$ 611,365	310	\$ 248,205
U	Pikes Peak EZ	383	\$ 5,590,945	\$ 202,137	\$ 208,997	\$ 971,313	\$ -	\$ 310,411	\$ 12,511	\$ 7,296,314	4,290	\$ 3,040,118
U	Pueblo EZ	114	\$ 1,415,820	\$ 103,040	\$ 4,000	\$ 215,538	\$ -	\$ 67,382	\$ -	\$ 1,805,780	766	\$ 497,331
U	South Metro EZ	95	\$ 809,193	\$ 315,368	\$ 18,920	\$ 83,796	\$ -	\$ 77,911	\$ -	\$ 1,305,188	487	\$ 425,497
U	Weld County EZ	137	\$ 9,285,507	\$ 258,034	\$ 87,917	\$ 208,458	\$ 50,000	\$ 813,564	\$ -	\$ 10,703,480	1,517	\$ 562,247
	Sub-Total Urban	1,946	\$ 33,867,718	\$ 4,963,054	\$ 1,462,557	\$ 6,119,177	\$ 120,982	\$ 3,263,143	\$ 86,406	\$ 49,883,037	22,403	\$ 12,837,980
	Grand Total	5,408	\$ 73,971,303	\$ 5,211,099	\$ 1,534,344	\$ 7,887,549	\$ 377,785	\$ 3,268,224	\$ 95,568	\$ 92,345,871	28,059	\$ 15,500,170

Businesses certifying for EZ tax credits select the North American Industrial Classification code that best identifies the industry in which they operate. This table groups the credits certified by industry classification.



Fiscal Year 2020 - Credits Certified							
Industry	# of Certifications	\$ Investment Tax Credit	\$ Job Training Credit	\$ All New Employee Tax Credits	\$ Employer Sponsored Health Insurance Credit	\$ Vacant Commercial Bldg Rehab Credit	\$ R&D Credit
Agriculture, Forestry, Fishing and Hunting	2,051	\$ 7,093,549	\$ 11,380	\$ 755,952	\$ 24,900		\$ 61,067
Mining, Quarrying, and Oil and Gas Extraction	87	\$ 4,291,761	\$ 158	\$ 218,529	\$ 22,420		\$ 507
Utilities	29	\$ 28,466,675	\$ 140,249	\$ 29,700	\$ 27,000		
Construction	318	\$ 915,879	\$ 120,230	\$ 395,213	\$ 14,500	\$ 2,389	\$ 4,039
Manufacturing	352	\$ 7,480,521	\$ 534,618	\$ 1,197,877	\$ 245,490	\$ 50,000	\$ 2,909,598
Wholesale Trade	143	\$ 679,175	\$ 129,339	\$ 345,661	\$ 83,000	\$ 50,000	\$ 7,040
Retail Trade	658	\$ 7,153,077	\$ 114,973	\$ 2,343,179	\$ 754,131	\$ -	\$ 10,983
Transportation and Warehousing	139	\$ 10,859,688	\$ 2,748,099	\$ 621,478	\$ 25,410	\$ -	\$ -
Information	368	\$ 2,491,407	\$ 29,590	\$ -			\$ 749
Finance and Insurance	166	\$ 263,032	\$ 25,016	\$ 83,112	\$ 9,590		
Real Estate and Rental and Leasing	155	\$ 1,144,369	\$ 6,937	\$ 92,873	\$ 18,000	\$ 119,145	\$ 83,447
Professional, Scientific, and Technical Services	217	\$ 645,430	\$ 104,822	\$ 366,513	\$ 101,003		\$ 162,390
Management of Companies and Enterprises	16	\$ 65,984	\$ 183,166	\$ 46,622			\$ 23,390
Administrative and Support and Waste Management and Remediation Services	51	\$ 148,775	\$ 25,501	\$ 348,089	\$ 171,000		
Educational Services	6	\$ 1,490	\$ 180	\$ 29,500		\$ 6,250	
Health Care and Social Assistance	154	\$ 1,157,482	\$ 838,667	\$ 162,814	\$ 7,000		
Arts, Entertainment, and Recreation	39	\$ 282,047	\$ 38,318	\$ 97,066		\$ 100,000	
Accommodation and Food Services	284	\$ 514,127	\$ 72,753	\$ 629,199	\$ 25,000	\$ 50,000	
Other Services	175	\$ 316,835	\$ 87,103	\$ 124,172	\$ 5,900		\$ 5,014
TOTAL	5,408	\$ 73,971,303	\$ 5,211,099	\$ 7,887,549	\$ 1,534,344	\$ 377,785	\$ 3,268,224



Job Statistics

The statutes require the reporting of employment, jobs created, and those retained by industry classification. “Jobs retained” is defined as employment at the beginning of the year for certifying businesses with employment growth, plus employment at the end of the year for those reporting no employment growth or a loss. Businesses certifying must indicate if jobs were transferred from outside of an EZ to a facility within an EZ. These employment statistics are requested of all applicants for EZ credits. Specific employee calculations are required for the New Employee Tax Credit.

Fiscal Year 2020					
Industry	Beginning Employment	Ending Employment	Jobs Created	Jobs Retained	Jobs Transferred
Agriculture, Forestry, Fishing and Hunting	7,363	7,635	389	7,246	5,014
Mining, Quarrying, and Oil and Gas Extraction	1,803	2,007	240	1,767	47,001
Utilities	1,958	1,976	78	1,898	88,562
Construction	6,319	6,786	636	6,150	347
Manufacturing	34,923	36,999	2,755	34,244	192
Wholesale Trade	7,243	7,686	624	7,062	184
Retail Trade	28,868	29,694	2,952	26,742	826
Transportation and Warehousing	11,320	13,278	2,135	11,143	52
Information	924	825	35	790	24
Finance and Insurance	2,582	2,668	145	2,523	154
Real Estate and Rental and Leasing	1,063	1,072	121	951	3
Professional, Scientific, and Technical Services	3,926	4,173	416	3,757	105
Management of Companies and Enterprises	1,173	1,223	54	1,169	15
Administrative and Support and Waste Management and Remediation Services	2,348	2,357	57	2,300	4
Educational Services	491	516	25	491	-
Health Care and Social Assistance	8,333	8,494	353	8,141	100
Arts, Entertainment, and Recreation	1,231	1,308	104	1,204	5
Accommodation and Food Services	7,547	8,537	1,269	7,268	48
Other Services	141,417	7,242	904	6,338	60
TOTAL	270,832	144,476	13,292	131,184	142,696



Wage Statistics

The Enterprise Zone statutes require the reporting of wages by employment status; the table below summarizes the information provided by businesses certifying for EZ credits.

Fiscal Year 2020				
Employee Type	Full-Time	Part-Time	Temporary	Contract
Average Annual Compensation	\$ 35,472.17	\$ 7,366.75	\$ 849.41	\$ 3,903.08
# of Employees for whom comp. reported	86,072	43,385	2,960	4,817

Program Trends

The table below documents the number of applications and total credits certified over several years.

FY	Business Certified	Total Credits Certified
2011	4,659	\$ 91,613,844
2012	6,389	\$ 116,160,138
2013	4,660	\$ 112,314,458
2014	3,907	\$ 43,061,497
2015	4,071	\$ 77,443,624
2016	4,306	\$ 70,344,648
2017	4,419	\$ 67,292,273
2018	4,735	\$ 54,309,435
2019	5,776	\$ 55,251,948
2020	5,408	\$ 92,250,303

The Investment Tax Credit encourages investment in business personal property in the Enterprise Zones; it accounts for the greatest number of certifications as well as the largest investment into the EZs.

A business making a qualified investment in business personal property earns a credit of 3% on the capitalized expense.

Businesses Certified	# Certifications for Investment Tax Credit	\$ Invested in Eligible Business Personal Property	\$ Investment Tax Credit
2011	4,304	\$ 2,532,665,102	\$ 76,193,506
2012	6,213	\$ 3,333,228,954	\$ 100,831,813
2013	4,606	\$ 3,198,458,969	\$ 97,261,301
2014	3,875	\$ 1,107,573,379	\$ 33,227,202
2015	3,813	\$ 2,042,076,832	\$ 61,261,139
2016	3,900	\$ 1,874,830,485	\$ 56,244,947
2017	3,976	\$ 1,416,348,065	\$ 42,490,497
2018	4,262	\$ 1,423,999,438	\$ 42,720,034
2019	5,260	\$ 1,364,110,733	\$ 40,923,386
2020	4,932	\$ 2,465,706,786	\$ 73,971,303



Several of the Enterprise Zone tax credits support businesses that hire, train, and provide health coverage for new employees.

Businesses earn 12% on the cost a job training program for employees working in an Enterprise Zone. Prior to 2014, the credit rate was 10%.

New businesses are eligible to earn the employer sponsored health insurance tax credit for the first 2 years that they operate in an Enterprise Zone. The business may earn a \$1,000 tax credit for each net new employee for whom the business pays at least 50% of the cost of a qualified health plan. The employer sponsored health insurance credit was \$200 per net new employee prior to 2014.

Businesses are encouraged to add jobs with the New Employee credits. The tax credit for each net new employee (as compared to the prior year) is \$1,100. The standard credit was \$500 per net new employee prior to 2014. If the business is in an Enhanced Rural Enterprise Zone (EREZ), the business earns an additional \$2,000 per net new employee. If the taxpayer is in the agricultural processing business, then the new employee credit is increased by \$500. If both an agricultural processor and located in an EREZ an additional \$500 is added to the credit value per net new employee.

FY	# Certifications for Job Training Credit	\$ Invested in Job Training	# Employees Trained	\$ Job Training Credit	# Certifica- tions for Employer Health Credit	\$ Employer Health Tax Credit	# Certifica- tions for New Employee Credits	# Net New Employees	\$ New Employee Credit
2011	1,167	\$ 65,632,740	31,127	\$ 6,563,274	418	\$ 406,773	4,659	5,323	\$ 3,890,046
2012	4,725	\$ 56,891,934	38,670	\$ 5,689,193	4,139	\$ 396,465	6,389	6,198	\$ 4,087,536
2013	4,366	\$ 70,499,292	94,246	\$ 7,049,929	4,268	\$ 443,708	4,660	6,399	\$ 3,390,861
2014	3,847	\$ 56,541,833	39,934	\$ 5,654,183	3,844	\$ 319,923	3,907	4,127	\$ 2,707,518
2015	1,710	\$ 93,166,861	32,996	\$ 9,441,407	1,502	\$ 1,401,095	4,071	3,559	\$ 3,607,047
2016	488	\$ 62,510,813	36,078	\$ 6,523,367	176	\$ 1,436,620	4,306	3,912	\$ 4,921,574
2017	389	\$ 156,307,817	32,484	\$ 15,975,193	114	\$ 1,358,682	4,419	4,578	\$ 5,767,263
2018	482	\$ 20,081,951	30,985	\$ 2,409,695	109	\$ 1,187,783	4,735	4,928	\$ 6,360,507
2019	437	\$ 42,826,913	32,234	\$ 5,139,230	98	\$ 740,028	5,776	4,912	\$ 6,213,359
2020	500	\$ 43,425,809	37,273	\$ 5,211,099	87	\$ 1,534,344	2,906	6,313	\$ 7,887,549

Enterprise Zone credits also support the rehabilitation of old vacant buildings for commercial use. Qualified rehabilitation projects earn credits for 25% of qualified expenses up to a maximum credit of \$50,000 per building.

Increased investment in commercial research and experimental activities is encouraged with a 3% credit calculated on the difference between the current year expenditure and that of the prior two years.

The Commercial Vehicle Investment Tax Credit is 1.5% of the expense of the vehicle and qualified parts. This credit was put into place during fiscal year 2013.

FY	# Certifications for Vacant Building Rehab Credit	\$ Invested in Building Rehabilitation	\$ Vacant Building Rehab Credit	# Certifications for Research & Development Credit	\$ Spent on R&D	\$ R&D Tax Credit	# Certifications CVITC	\$ Invested in Commercial Vehicles	\$ CVI Tax Credit
2011	4,608	\$ 9,953,388	\$ 1,025,571	4,610	\$ 142,427,047	\$ 3,534,673			
2012	2,671	\$ 8,134,362	\$ 923,457	2,681	\$ 206,785,085	\$ 4,231,674			
2013	60	\$ 5,504,080	\$ 684,718	81	\$ 140,551,842	\$ 3,404,344	40	\$ 5,499,294	\$ 82,489
2014	14	\$ 8,205,042	\$ 406,884	70	\$ 147,377,623	\$ 591,957	39	\$ 10,359,465	\$ 155,392
2015	18	\$ 6,749,761	\$ 595,224	68	\$ 121,402,734	\$ 1,072,397	26	\$ 4,354,331	\$ 65,315
2016	18	\$ 3,650,366	\$ 443,741	75	\$ 112,043,317	\$ 719,785	22	\$ 3,640,933	\$ 54,614
2017	18	\$ 11,010,883	\$ 604,733	84	\$ 161,539,911	\$ 909,431	15	\$ 11,285,162	\$ 169,277
2018	16	\$ 1,696,646	\$ 337,902	76	\$ 141,484,667	\$ 949,141	24	\$ 22,958,219	\$ 344,373
2019	15	\$ 3,113,372	\$ 439,411	94	\$ 140,926,690	\$ 1,637,765	19	\$ 9,131,394	\$ 136,971
2020	14	\$ 2,983,138	\$ 377,785	113	\$ 301,309,156	\$ 3,268,224	27	\$ 6,371,187	\$ 95,568

Note: EZ Certification data is self-reported by a business representative; OEDIT does not verify investments, payroll counts, and the like. OEDIT does make efforts to eliminate duplicate records and to verify outlying figures. OEDIT and local EZ Administrators certify the credits as being earned; the amount of the credit that the taxpayer claims against their Colorado state income tax liability is confidential information within the Colorado Department of Revenue (DOR). The DOR has approval and audit functions for EZ tax credits claimed on a state income tax return. The data in this report is for credits certified, and not credits actually claimed against state income tax liability. Reports cover certification applications processed and approved during the fiscal year. Certification figures may be amended in a later fiscal year, and will be re-reported in the year amended.